

Message Text

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22

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

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R 122103Z APR 76

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 757

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E.O. 11652: N/A

TAGS: EFIN, JM

SUBJECT: GOJ ANNOUNCES BILLION DOLLAR BUDGET

1. FINANCE MINISTER COORE HAS ANNOUNCED A 76/77 TOTAL BUDGET EXPENDITURE OF J\$1.016 MILLION, AN INCREASE OF J\$42 MILLION OR ABOUT 5 PERCENT MORE THAN REVISED 75/76 EXPENDITURES. RECURRENT EXPENDITURE IS ESTIMATED AT J\$717 MILLION, AN INCREASE OF J\$108 MILLION; AND CAPITAL EXPENDITURES AT J\$299 MILLION, A DECREASE OF J\$66 MILLION COMPARED WITH THE PREVIOUS FISCAL YEAR.

2. SIZABLE PORTIONS OF THE ESTIMATES ARE FOR FINANCE -- J\$266 MILLION -- EDUCATION J\$163 MILLION -- LOCAL GOVERNMENT -- J\$87 MILLION -- WORKS AND COMMUNICATIONS -- J\$84 MILLION -- AND NATIONAL SECURITY AND JUSTICE - J\$77 MILLION. ALTHOUGH ALMOST ALL MINISTRIES REGISTERED INCREASES IN RECURRENT EXPENDITURES COMPARED TO 75/76, ALL BUT TWO TOOK CUTS IN THEIR CAPITAL EXPENDITURES. THE TWO EXCEPTIONS WERE HOUSING AND MINING AND NATIONAL RESOURCES.

3. WITHIN THE MINISTRY OF FINANCE ALLOCATION IS J\$43 MILLION (20 MILLION RECURRENT AND 23 MILLION CAPITAL) TO BE UTILIZED FOR A NEW PROGRAM FOR LABOR

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INTENSIVE PROJECTS WHICH IS IN PROCESS OF BEING

DEVELOPED. DEBT CHARGES IN FISCAL 76/77 ARE J\$ 74.2 MILLION COMPARED TO J\$58.5 MILLION IN FISCAL 75/76.

4. COMMENT: ALTHOUGH THE REVENUE SIDE OF THE 76/77 BUDGET HAS YET TO BE PRESENTED, IT IS SIGNIFICANT THAT 76/77 EXPENDITURES REMAIN CLOSE TO 75/76 LEVELS; AND THE INCREASE IS MUCH LESS THAN THAT OF J\$133.4 MILLION IN 75/76. ALTHOUGH THE 76/77 BUDGET REMAINS AT A HIGH LEVEL, IN REAL TERMS THERE HAS BEEN A NET REDUCTION CONSIDERING RECENT RATES OF INFLATION. GIVEN A STAGNANT AND DETERIORATING PRIVATE SECTOR, IT REMAINS TO BE SEEN IF A REDUCTION IN THE PUBLIC SECTOR IS POLITICALLY POSSIBLE IN AN ELECTION YEAR.

5. BUDGET DETAILS FOLLOW BY AIRGRAM.
DORRANCE

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Message Attributes

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